

Message Text

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PAGE 01 NAIROB 02935 071302Z
ACTION OPIC-06

INFO OCT-01 AF-08 ISO-00 EB-08 L-03 TRSE-00 /026 W
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P R 071016Z MAR 77
FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC PRIORITY 6614
INFO AMEMBASSY KIGALI

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SECSTATE PASS OPIC HENDERSON FROM PARNELL

E.O. 11652: N/A
TAGS: EINV, OPIC, KE, RW
SUBJECT: RWANDA TEA PROJECT

1. BOARD MEETING HAS BEEN SCHEDULED FOR MARCH 10 AND WILL DEAL WITH FOLLOWING POINTS: (A) POWERS OF ATTORNEY FOR WERTHEIM TO SIGN LOAN AGREEMENT FOR USINE (AFTER FACT) AND DRAWDOWN ON BEHALF SIRT AND USINE (POUCHING DISBURSEMENT AUTHORIZATION FROM NAIROBI); (B) EXPATRIATE CONTRACTS; (C) POSSIBLY DISCUSSION LTP PROCESS. RECOMMEND OPIC/IFC PREPARE TO DISBURSE IMMEDIATELY SUBJECT TO SATISFACTORY RESOLUTION OF OPEN POINTS AT BOARD MEETING.

2. SEVERAL CONDITIONS PRECEDENT WHICH ARE NOT (OR ONLY PARTIALLY) SATISFIED MUST BE WAIVED IF PROJECT IS TO PROCEED. REFERENCE PARNELL MEMO OF JAN 3, 1977 TO CULMAN. RECOMMEND WAIVERS AS FOLLOWS:

(A) TEA GROWERS COOPERATIVE: GOR WILL PROVIDE ARCHER WITH COPY OF FED CONTRACT IN WHICH GOR COMMISSIONS FED TO FORM COOPERATIVE AT CYOHOHA-RUKERI. THIS WOULD SEEM ADEQUATE EVIDENCE OF GOR INENT TO FORM COOPERATIVE. RECOMMEND WAIVER OF CLAUSE REQUIRING ACTUAL FORMATION. COOPERATIVE TO BE FORMED ON LIMITED OFFICIAL USE

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SELF-SUSTAINING BASIS, IMPLYING A HIGHER PRICE THAN OCIR/T COOPERATIVES, BUT ONE THAT IS NEGOTIABLE. MCINTYRE'S ORIGINAL ESTIMATE OF 18 NOT INDICATIVE OF GOR POSITION. IN FACT HE DISCUSSED 13-14 WITH US IN LATER CONVERSATIONS. FEEL SELF-SUSTAINING COOP AND NEGOTIATED PRICE ONLY ACCEPTABLE APPROACH. MUTUAL DEPDNENCE OF FACTORY AND COOPERATIVE UPON ONE ANOTHER SHOULD ASSURE FAIR NEGOTIATION.

(B) MARKETING AGREEMENT: AGREEMENT SIGNED (POUCHED FROM NAIROBI), APPROACH TO FINANCING AGREED UPON BY OCIR AND SIRT, AND FORMAL APPLICATION FOR FINANCING SUBMITTED TO BCR. AGREEMENT EFFECTIVE UPON APPROVAL BNR (RIBANJE CLAIMS TO HAVE STORED MULINDI/PFUNDA TEA SINCE JANUARY 1977 FOR SALE BY SIRT WHEN FINANCING ARRANGED). RECOMMEND WAIVING REQUIREMENT THAT AGREEMENT BE OPERATIVE.

(C) IMPROVEMENT OF ACCESS ROAD: GOR HAS NOT YET COMPLIED WITH REQUIREMENT; HOWEVER, DIRECTOR GENERAL HIGHWAYS IN MINISTRY OF PUBLIC WORKS INDICATED ORDERS LET FOR IMPROVEMENT, DYNAMITE ON SITE, AND ROAD WILL BE SUFFICIENT FOR 35-TON TRUCK WITHIN 2 TO 3 WEEKS. RECOMMEND WAIVING CONDITION.

(D) EUCALYPTUS SUPPLY: GOR HAS NOT AND CAN NOT CARRY OUT THIS COMMITMENT IN THE NEAR FUTURE. FUNDS ALLOCATED OCIR/T (5,000,000 FRW, 50,000 DOLLARS) HAVE BEEN SPENT BY RIBANJE TO TRANSPORT GREEN LEAF FROM C-R TO MULINDI. THIS WAS APPROVED BY OCIR/T BOARD BECAUSE OF DESPARATE NEED TO MAINTAIN LEAF PLUCKING IN C-R, WHICH IS, OF COURSE, OF EQUAL IMPORTANCE TO FACTORY VIABILITY. RIBANJE ACCOMPANIED ARCHER/PARNELL ON TOUR BYUMBA-BUYOGA AREA TO POINT OUT 200 HECTARES (HIS ESTIMATE) OF EUCALYPTUS WITHIN 15 MILES OF FACTORY SITE (GAHAMANJI PROVIDING SUPPORT STATISTICS). IN ADDITION GOR TEAM HEADED BY GAHAMANJI WILL IN NEAR FUTURE PROVIDE 100 HECTARES NEAR FACTORY SITE ON WHICH WERTHEIM EUCALYPTUS CAN BE PLANTED. NURSERY FOR SEEDS ALREADY LAID OUT AT FACTORY SITE. THIS SEEMS ONLY ALTERNATIVE AT THIS POINT. LIMITED OFFICIAL USE

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RECOMMEND WAIVING CONDITION.

(E) REGISTRE DE COMMERCE NUMBER: NUMBERS RECEIVED FOR BOTH BUT USINE NOT AS YET PUBLISHED: (SIRT - RCA035/KIG, USINE - RCI003/BY). RECOMMEND WAIVER OF REQUIREMENT FOR PUBLICATION.

(F) MORTGAGE REGISTRATION: THIS MATTER STILL BEING REVIEWED BY DE WOLF WHO ANTICIPATES NO PROBLEM (EXCEPT FOR POSSIBLY SOPTHE BASE, WHICH IS NOT CRITICAL), BUT IS UNSURE WHEN ANSWER FORTHCOMING. RECOMMEND WAIVING.

(G) OPINION OF COUNSEL: CALDERON INDICATED TO KONIGSON THIS WOULD EVENTUALLY BE SATISFIED. RECOMMEND WAIVING.

(H) PROFF OF PAID-IN EQUITY: ARCHER WILL AWAIT WERTHEIM INSTRUCTIONS REGARDING INPUT REMAINING EQUITY. SHARE CERTIFICATES HAVE ALREADY BEEN PREPARED AND WILL BE ISSUED UPON FULL CAPITALIZATION. THIS CAN AND SHOULD BE COMPLETED PRIOR TO DISBURSEMENT, THOUGH COULD TAKE LONGER TO GET CERTIFICATE

COPIES TO LENDERS. RECOMMEND ACCEPTANCE ARCHER CERTIFICATION AS SATISFACTORY CONDITION.

3. PROGRESS AT FACTORY SITE IS IMPRESSIVE, PARTICULARLY CONSIDERING WORK ONLY BEGAN IN NOVEMBER. CLEARING, LEVELLING FINISHED AND FOUNDATIONS DUG FOR WORKSHOP, GUEST HOUSE AND MANAGER'S HOUSE. LEVELLING OF ALL THREE SECTIONS OF FACTORY SITE COMPLETED, FOUNDATION MARKING TO BEGIN WITHIN THE WEEK. PERIMETER FENCE COMPLETE EXCEPT FOR STEEL GATE, ENTRANCE ROAD PARTIALLY PREPARED. WATER TANK WITH DISTRIBUTION SYSTEM COMPLETED. ELECTRIC POLES AND TRANSFORMERS FROM MAIN LINE TO FACTORY SITE COMPLETE EXCEPT FOR LAST POLE. THREE HUNDRED EIGHTY THOUSAND CLAY BRICKS (OF TOTAL 500,000) FINISHED AND ON SITE. EXPROPRIATION COMPLETE AND PAID FOR. FACTORY CURRENTLY EMPLOYING 250 RWANDANS AT PROJECT SITE TO DO CONSTRUCTION WORK.

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4. COMMENT: PROJECT CAN NOT MOVE FORWARD WITHOUT DOLLAR FUNDS. SENIOR GOR OFFICIALS HAVE INDICATED DESIRE TO PROCEED WITH WERTHEIM PROJECT DESPITE SOME MIDDLE-LEVEL BUREAUCRACY DISSATISFACTION. WERTHEIM IS SEEN BY MANY AS USING FACTORY AS GUISE TO GET MARKETING, THUS PROGRESS ON FACTORY CRITICAL TO REESTABLISHING LOCAL CREDIBILITY. POTENTIAL PROBLEMS WITH BROWN AND RIBANJE REMAIN AS BOTH WERE QUIRE FLUSTERED BY INCLUSION IN WERTHEIM MEMO TO RWANDAN AMB. HOWEVER, IN INFORMAL MEETING RIBANJE INDICATED DESIRE TO COOPERATE, NOTING THAT PERIOD OF BAD FAITH OVER AND THAT ALL INVOLVED, INCLUDING BIRARA, ANXIOUS TO PROCEED. BELIEVE OPIC SHOULD SUPPORT ANY WERTHEIM EFFORT TO PROCEED AT THIS POINT, DESPITE LACK OF ADHERENCE TO NORMAL DOCUMENTATION CONSIDERATIONS, BY PREPARING TO DISBURSE IMMEDIATELY AND SHOULD ENCOURAGE IFC TO DO LIKEWISE. FURTHER DELAYS BY LENDERS AFTER POSITIVE STEPS BY GOR AND BOARD (ASSUMED) COULD DO IRREPARABLE DAMAGE. IF ANY PROPOSED WAIVERS UNACCEPTABLE PLEASE ADVISEE SOONEST SO APPROPRIATE ACTION CAN BE UNDERTAKEN IMMEDIATELY. ARCHER FEELS ADVISABLE WERTHEIM BEGIN PRESSURE FOALE AND MORRIS TO EXPEDITE MATERIAL SHIPMENTS, AND WILL ADVISE WERTHEIM WHEN VISIT TO KIGALI APPEARS MOST USEFUL. EMBASSY WILL CABLE RESULTS OF BOARD MEETING AFTER WHICH (IF POSITIVE) RECOMMEND WERTHEIM AUTHORIZE RELEASE REMAINING EQUITY FUNDS, AND OPIC MAKE LOAN FUNDS AVAILABLE.

5. SHOULD ALSO NOTE THAT THOUGH SIRT, USINE AUDITED FIGURES FOR DEC 31, 1976 NOT YET AVAILABLE, AUDITORS SCHEDULED TO ARRIVE KIGALI MARCH 11 FOR TWO WEEKS. FIGURES SHOULD BE AVAILABLE LATE APRIL. ALTHOUGH BELIEVE THIS TECHNICALLY PUTS BORROWER IN DEFAULT, DO NOT FEEL JUSTIFIES WITHHOLDING DISBURSEMENT IF OTHER CONDITIONS PRECEDENT SATISFIED. PARNELL.

DECON UPON RECEIPT.
MARSHALL

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: INVESTMENT OPPORTUNITIES, PROGRAMS (PROJECTS), CONTRACTS, TEA
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
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Film Number: D770077-0842
Format: TEL
From: NAIROBI
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Subject: RWANDA TEA PROJECT
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